

**Southwest Family Care Alliance (SFCA) Board  
Minutes for Meeting on December 21, 2009**

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**Members present:** Betty Broadbent, Carla Cady, Joan Fordham, David Hammer, Betty Irwin, Jeanetta Kirkpatrick, Beverly Larson, Ron Leys, Harvey Mandel, Phil Poole, Ray Schmitz, Larry Wolf

**Members absent:** Dwayne Hiltbrand, Karen Thomas, Dave Wyttendach

**Others present:** Neal Blackburn (Unified Services/Grant/Iowa), Teri Buros (SFCA), Tammy Garrelts (SFCA), Joan Hansen (SFCA), Barb Hernesman (Crawford), Sue Hebel (SFCA), Randy Jacquet (Richland), Patty Kemerling (SFCA), Tom MacDonald (Lafayette), Terry Metzger (SFCA), Bill Orth (Sauk), Linda Overbeek (SFCA), Sara Ryan (Crawford), Sherrie Sime (SFCA).

Various SFCA-contracted providers also were present. While a sign-in sheet was circulated, the sign-in list may not be all inclusive; a partial list of those present includes: Tom Schraeder (Hodan Center), Mandi Drea (Drea Adult Family Home), Kitten Bloss (Bloss Adult Family Home), Becky Knoll (Casa De Oakes), Ed and Colleen Uhlenhake (Valley View Home), Kim Coleman (Coleman Adult Family Home), Judy Suhr (Suhr Adult Family Home), Kenda Von Behren (Allison Park Adult Family Home), Floyd Bartow (Wynhoff/Bartow Adult Family Home), Debra Henzel (Wind Ridge Adult Family Home and Richland County ARC), and Dick Pavlak (Pavlak Adult Family Home).

**Roll Call Attendance:** Chair Ray Schmitz called the meeting to order at 3:30 p.m., and Linda Overbeek took roll call attendance. A quorum was present.

**Review and Approve Agenda and Posting:** Motion by David Hammer, seconded by Betty Irwin to approve the agenda and posting. The motion carried.

**Approve Minutes of the November 16, 2009 Board Meeting** (Mail Out #1) Motion by Joan Fordham to approve the minutes, subject to clarification of the 5<sup>th</sup> bullet on page three. The second sentence in that bullet was misworded in the minutes and should be restated as follows: While a case can be made that the Family Care program is not adequately funded, we can not rely solely on State funding for solvency. Ms. Fordham indicated that her motion is to approve the minutes with that correction. The motion was seconded by Betty Broadbent, and the motion carried.

**Citizen Comments:** Chair Ray Schmitz welcomed all visitors. He explained that all wishing to comment would be heard but that comments would be limited to 3 – 4 minutes each and should not be personal in nature. He stated that those comments that warranted possible Board discussion or action would be placed on the agenda of a future Board meeting.

Dick Pavlak, an adult family home provider, as well as an advocate and guardian, expressed concerns about reductions SFCA providers were seeing in their 2010 rates, about the impact he felt those reductions were having on the budgets of SFCA members, and stated that providers aren't made aware of how their rates are set. He submitted a written proposal, requesting: 1) an opportunity for member/provider discussion at the Board's January meeting, 2) a work group be established to look into issues involving reductions made to the budgets of SFCA members, 3) SFCA members and providers be educated as to how budgets/rates are set, and 4) a short term moratorium on rate/budget reductions until members/providers were informed about the budget/rate-setting process.

Comments made by other providers touched on various matters, including the following:

- Providers felt they didn't receive adequate advance notice of planned reductions to their rates and had little or no opportunity to provide prior input into the rate-setting process;
- Some felt their rates were or might be based on inaccurate information about the members being served;
- They felt SFCA doesn't see them, i.e., providers, as part of the team and doesn't acknowledge the importance of the work the providers do.
- Some providers felt that they were no longer going to be paid for respite.
- Providers felt that the SFCA Board should get more feedback from providers, advocates, members.
- Providers want to be informed about how SFCA sets their rates.
- One suggestion was that possibly an across-the-board cut of x% to all providers would have been more fair.

Ray Schmitz thanked all for their comments and encouraged them to stay for the remainder of the meeting, noting that the agenda called for an update for the Board on provider rates for 2010.

**Executive Report to the Board:** Prior to making her report to the Board, Ms. Buros thanked everyone who expressed their views during the Citizen Comments section of this meeting,

- **Staffing:** SFCA's Capitation Specialist resigned effective the end of this month, and efforts to recruit for that position are already underway. Sue Hebel recently assumed her position as SFCA's Director of Care Management.
- **Medicaid Budget in the News:** Ms. Buros noted that recent reports indicate Wisconsin's Medicaid budget is operating at a deficit, even more extensive than the State had previously anticipated. Secretary Timberlake, of Wisconsin's Department of Health Services (DHS), reports that DHS is working to address the problem. We don't yet know what steps they're considering taking. Ms. Buros has paper copies of testimony from December 17 Joint Finance Committee hearing that Sec. Timberlake participated in. That information also is available on the internet. Anyone who would like a copy or to know where that information can be found should contact Ms. Buros. She noted that Wisconsin is not alone in terms of the financial challenges it's facing; 39 other states face similar problems. Some of those states have tightened up their eligibility requirements. Others have made across-the-board cuts, something Wisconsin has tried to avoid doing. Wisconsin has an established Medicaid Rate Reform committee, which will reconvene in January 2010 to take up related issues.
  - Larry Wolf cited an article he'd seen which indicated that state funding to 1/3 of the managed care organizations would be delayed. Ms. Buros noted that the past few years Wisconsin has delayed funding to the managed care organizations a couple of times already by a month in order to push that expense into the next year or fiscal cycle. Mr. Wolf expressed concern about the impact underfunding the Family Care program could have on county governments. Ms. Buros noted that the old waiver system is no longer available to the counties; were SFCA not able to make the program work, the State would find another organization to operate the program in this area.

**Approve Appointments to Grievance and Appeal Committee; Take Action on Same, if any:**

Joan Hansen handed out information about a proposed new member for Lafayette County CMU's Grievance and Appeal Committee, Juanita Starr, and requested that the Board approve Ms. Starr's appointment to that committee. Motion by Betty Broadbent, seconded by Carla Cady, to approve Ms.

Starr's appointment to the Lafayette County CMU Grievance and Appeal Committee, contingent on Ms. Starr receiving grievance and appeal training. Motion approved.

**Approve Letter of Offer to SFCA Chief Executive Officer** (Mail Out #2): Sherrie Sime reported that, in response to the Board's discussion at their October 19 meeting, she'd obtained Attorney Andy Phillips' input as to the type of a document that would meet the Board's intent and what that document should contain. The Offer Letter in Mail Out #2 is the result, and the Board was asked to approve the letter for signature by Board Chair, Ray Schmitz. Motion by Joan Fordham, seconded by Ron Leys, that the Board approve the letter as presented for Chair Ray Schmitz's signature. Motion carried.

**Resolution Reached on Prevocational Services Definition** (Mail Out #3): No Board action is needed on this matter; this information is provided to update the Board on this topic, which has been discussed at previous Board meetings. The Department of Health Services and representatives from various organizations involved with Medicaid waiver-funded prevocational services recently announced they'd reached agreement that resolved the issues that had been identified in response to the Department's original proposal to change the definition of prevocational services. Ms. Buros stated that the resolution of this matter meets the concerns that had been expressed by the SFCA Board. Mail Out #3 contains the wording of the actual press release.

**Receive 2009 November Financials and Enrollment Report; Take Action on Same, if any:** Mr. Metzger distributed and reviewed copies of SFCA's Financials as of November 30, 2009 (Income Statement, Balance Sheet Statement of Cash Flows, and Notes to the Financial Statements) and a report on 2009 Monthly Enrollment Activity by Target Group.

- SFCA's capitation income in November was pretty close to what it received in October. Administration and CMU costs remain basically the same. SFCA remains in a loss position for the month of November (\$97,337) and year-to-date (\$980,963).
- December 2009 is the last month SFCA will have a risk sharing agreement with the State. SFCA anticipates it will see another \$100,000 in losses in December and expects its negative cash position will extend into 1<sup>st</sup> quarter 2010.
- Mr. Metzger requested the Board's approval to ask permission of the Department of Health Services for SFCA to transfer the \$362,300 from SFCA's Restricted Reserve account, listed as a long-term asset, to SFCA's checking account as SFCA's financial liquidity continues to deteriorate. SFCA's contract with the Department requires that SFCA seek the Department's approval to make transfer funds out of the Restricted Reserve. The Board approves SFCA seeking this approval from the Department and, if said approval is received, the Board approves for these funds to be transferred to SFCA's checking account. Motion by Betty Broadbent, seconded by David Hammer, that the Board authorize SFCA to request the Department's approval to transfer \$362,300 from SFCA's risk reserve into its checking account and, if the Department approves the request, the Board hereby authorizes SFCA to carryout the transfer. Motion carried. Mr. Metzger noted that, as of close of business November 30, 2009, SFCA's Working Capital account stood at a deficit of \$317,712 and is expected to deteriorate further in the coming months.
- Other items of note are listed in the "Notes to the Financial Statement" that are a part of the handout.
- There was a small increase in the number of people enrolling in the program in the month of November, but total enrollment remains below projections for the year-to-date. Ms. Buros pointed out that in September 2008, when Sauk County first implemented the program, they had approximately 189 people on their Wait List; some had been waiting several years for services. As of a couple of months ago all of those people have been contacted by the Aging and Disability

Resource Center, been evaluated, and 159 are being served by either Family Care provided by SFCA, the Care Wisconsin Partnership program, or IRIS, the State's Self-Directed Supports' option. There will continue to be some number of Sauk County residents waiting for services, however, until Sauk reaches full entitlement in 2012.

Motion by Joan Fordham, seconded by Larry Wolf, to receive the financials, as presented. Motion carried.

**Update on Provider Network Rates for 2010:** Patty Kemerling handed out and reviewed copies of a "Provider Network Recap: Care under Management", describing:

- the process and timeline for various activities that SFCA undertook between mid-September and the end of November, in support of efforts to bring care under management;
- the extent of reductions affecting residential providers; and
- the extent of reductions affecting Supportive Home Care providers.

Care under management activities included:

- Sending a Bulletin out to all SFCA contracted providers on September 10, describing the need for cost reductions and scheduling provider forums,
- Holding provider forums in each of the six counties where the program currently is operating,
- Reviewing the rates of all SFCA-contracted adult family home and community-based residential facility providers, and
- Sending letters to residential service providers and then to providers of other services (home care, day services, prevocational services, and day care) regarding SFCA's new 2010 rates.

Reductions affecting residential and other providers:

- Reductions affecting adult family homes and community-based residential facilities amounted to \$196,000/month. While many adult family homes received no reductions in their rates, the reductions for those who did were based on the Adult Family Home Assessment for each member in each Adult Family Home cross referenced by the Functional Screens for the members living there. 75% of community-based residential facilities received rates reduced by 5 – 10% with the highest reductions affecting those with the highest costs.
- SFCA staff had many conversations with providers, over the phone and/or in person. In some cases, SFCA adjusted the reduced rates upward based on new information from providers and corrected Functional Screens. In a few cases, providers were granted additional time before the new rate became effective.
- Respite/transportation services are being folded into the provider's rate.
- Among pending issues SFCA is addressing: Does each member's Functional Screen accurately reflect his or her behavioral and medical issues? If corrections are needed, the provider's rate is considered for possible impact. Some providers may choose to terminate their contracts; to this point just a few have given their notice. In those cases, alternative providers are being identified to serve the members who are impacted.
- Most Supportive Home Care providers received no reduction in their rate.
- Services that SFCA will review next are daily living skills, self-directed supports, nursing visits, prevocational services (payment of travel time), and transportation.

Ms. Buros noted that dealing with fiscal challenges, such as what SFCA faces, is never an easy process for anyone involved but pointed out that SFCA must be mindful of specific financial benchmarks required by virtue of SFCA's contract with the Department of Health Services. SFCA must meet those in order to maintain solvency as an organization.

Following a short break, and before proceeding with other topics on the agenda, the Board acknowledged Sara Ryan's upcoming retirement. Ms. Ryan, present at today's Board meeting, has served as Director of Crawford County Human Services for a number of years and will be retiring at the end of this month. Barbara Hernesman, who has served as Crawford County's Deputy Director, will be taking over that position.

**Discuss Provider, Service Utilization, and Claims Report(s): Provider Billing Frequency**

**Report; Take Action on Same, if any** (Mail Out #4): At the November Board meeting the question had been raised as to how many providers are billing SFCA more than twice a month. The charts in Mail Out #4 show, by service category, the number of providers who bill SFCA every week or every other week (38), the number of members those providers serve (129), and the total monthly dollars those providers receive from SFCA (\$424,243). 26, or almost 70%, of the providers who generally bill either weekly or twice a month are smaller adult family homes. There is no additional cost to SFCA for processing multiple checks in a month to providers, other than a small loss of interest income. SFCA will continue to process multiple claims per month as submitted by providers. SFCA will continue to monitor provider billing practices/frequency and watch for any signs of provider financial concerns.

**Approve SFCA 2010 Budget:** At the Board's October meeting, the Board was asked to approve, and did approve, the principles and initiatives of (SFCA's) proposed business plan/budget, rather than give formal approval to a specific budget. This was because revenue/solvency discussions with the Department of Health Services were continuing at that time. At today's Board meeting Terry Metzger distributed and reviewed a handout, "Southwest Family Care Alliance Board/Long Term Care District/2010 Business Plan".

- SFCA originally submitted a three-year business plan to the Department on October 30, 2009. The Department acknowledged that the plan identified significant efficiencies, but, when projected forward, SFCA would still fall short of meeting the fiscal requirements. SFCA was asked to submit an additional plan by which it would meet solvency requirements in or before fiscal year 2012. SFCA identified detailed steps to improve cash flow and requested a 2% increase from the Department in its capitation rate; the Department has approved this request. These measures will not fully address SFCA's fiscal challenges. SFCA still must have an aggressive plan in place to achieve solvency, and difficult decisions remain to be made. The 2% increase the Department recently granted SFCA is geared toward helping SFCA build its reserves to the point of attaining the mandated solvency requirements.
- Assuming that SFCA's current business assumptions hold and barring unforeseen developments, the current business plan/budget projects that SFCA will continue to experience losses into first quarter 2010, but will be able to begin turning things around the latter part of the year and to begin building its Risk Reserve in the latter part of 2011, though it will not fully meet fiscal requirements until 2012. Asked whether SFCA anticipates additional provider rate reductions in the future, Mr. Metzger indicated that, at this time, SFCA does not see that happening; the hope is that the current rate reductions are a one-time corrective measure.
- SFCA's new Director of Care Management position, recently filled by Sue Hebel, will plan a key role in efforts to develop additional financially sustainable processes.
- Data/report analysis will be an important tool SFCA will use to track its fiscal progress. One report currently being worked on will show costs by areas of service on a rolling quartile basis; this will be shared with the Board.
- The Department has had on-going concerns about SFCA's care management model/structure but is not mandating that SFCA change models. SFCA, nevertheless, must find ways to mitigate the

risks associated with its current model; SFCA's management team and the CMU Directors will be working to address those challenges.

- SFCA Board would like to see the updated three-year business plan at the Board's January meeting.

Motion by Joan Fordham, seconded by Betty Irwin, approving an expense budget of \$57,362,749 for SFCA for fiscal year 2010. Motion carried.

**Approve SFCA 2010 Contract with the Department of Health Services:** Ms. Buros reported that SFCA had just received its 2010 contract from the Department for signature. Among other things, it establishes specific performance expectations for SFCA.

Motion by Betty Broadbent, seconded by Ron Leys, authorizing Ms. Buros, as SFCA's Chief Executive Officer, to sign the 2010 contract. Motion carried.

**Confirm Next Meeting Date/Location/Solicit Agenda Items:** The next Board meeting date will be Monday, January 18, 2010 to convene at the Spring Green Community Library. Topics the Board would like to see addressed include:

- Topics #1, 2, and 3 from the proposal submitted by Dick Pavlak earlier in today's meeting: member and provider discussion, a workgroup to examine issues regarding members' budget cuts, and education about how budgets/rates are determined. [#4 will not be addressed at this time.]
- How the Functional Screen process works and how that relates to SFCA's rate-setting process.
- SFCA's process for setting adult family home rates/budgets
- Development of a Communication Plan between SFCA and providers

The Board's February meeting will convene at the usual time, 3:30 p.m., on February 15 at SFCA's new office location.

**Meeting Adjourned:** Motion by Ron Leys, seconded by Larry Wolf, that the meeting be adjourned. Motion carried, and the meeting was adjourned at 6:50 p.m.

Respectfully submitted,



Linda Overbeek  
Executive Assistant  
Southwest Family Care Alliance